GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1022
ANSWERED ON:22.07.2016
Non Food Bank Credit Growth
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Will the Minister of FINANCE be pleased to state:

(a) whether non food bank credit is expected to grow 11-12 per cent in financial year 2017 with private sector banks recording faster growth;

(b) if so, the details thereof;

(c) whether bank deposits to expand by 10-11 per cent in financial year 2017;

(d) Whether it is also a fact that the issuance of ujwal DISCOM Assurance Yojana (UDAY) bonds, would continue to exert downward pressure on bank credit growth in financial year 2017, if so, the details thereof; and

(e) the measures taken by the Government in this regard?

Answer

The Minister of State in the Ministry of Finance

(a) to (c): The year-on-year growth of non food bank credit and total deposits of all Scheduled Commercial Banks was 9.22% and 7.61 % respectively in March, 2016. The year-on-year growth of bank credit in Private Sector Banks was recorded 25% in March, 2016.

(d): Under ujwal DISCOM Assurance Yojana (UDAY) scheme state will issue non-SLR bonds in the market or directly to the respective banks / FIs holding the DISCOM debt to the appropriate extent. The remaining debt can be issued as State guaranteed DISCOM bonds. Thus UDAY transfers DISCOM debt to State, which is otherwise already contingent liability of State. UDAY may save many of DISCOM debts from becoming Non-performing assets.

(e): The Government has taken various measures to strengthen the financial position of banks which inter-alia include a four-year recapitalization program for PSBs under which Rs. 25,000 crore was given last year and another Rs. 25,000 crore has been allocated this year. It is expected that going further, provisioning requirements will go down and profitability will improve. The Government has also permitted some PSBs, on their request, to raise capital through Follow-on Public Offer or Qualified Institutional Placement.
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